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FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Honorable Alfonse M. D'Amato
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator D'Amato:

This in reply to your letter of December 13, 1993, on behalf of your constituent Mr. Peter G. Nixon, Executive Vice President of the Chautauqua & Erie Telephone Corporation. Mr. Nixon, in turn, submitted a copy of a comments he filed with the Commission's Secretary's Office regarding the competitive bidding rule making proceeding, PP Docket No. 93-253. Mr. Nixon's comments concern the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on rural telephone companies. Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act for the Commission.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, (Auction Notice), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction Notice proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital. As we consider the comments filed in the competitive bidding proceeding, including comments filed by your constituents, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities as required by the Budget Act.

Sincerely,

Robert M. Pepper
Chief
Office of Plans and Policy

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ALFONSE M. D'AMATO
NEW YORK

United States Senate
WASHINGTON, DC 20510-3202

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111 W. HURON STREET
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(716) 846-4111

OPP
Auction

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December 13, 1993

TO: Congressional Liaison
Federal Communications Commission
2025 M Street, NW
Room 6202
Washington, DC 20554

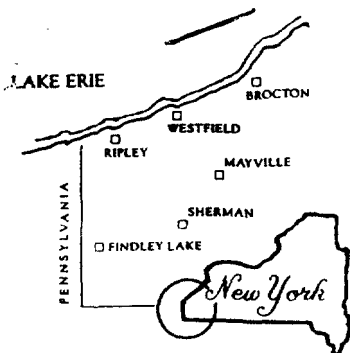
FROM: ALFONSE M. D'AMATO
United States Senator

Because of the desire of this office to
be responsive to all inquiries and communica-
tions, your consideration of the attached is
requested.

PLEASE TRY TO RESPOND WITHIN 4 WEEKS OF
YOUR RECEIPT OF THIS REQUEST. YOUR FINDINGS
AND VIEWS, IN DUPLICATE, ALONG WITH RETURN OF
THIS MEMO PLUS ENCLOSURE, WILL BE APPRECIATED.

Many thanks.

AMD:bbm



CHAUTAUQUA & ERIE TELEPHONE CORPORATION

30 Main Street · Westfield, New York 14787 · Telephone (716) 326-2121

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November 30, 1993

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: PP Docket No. 93-253.

Dear Mr. Caton,

I am writing to express my support for the positions and proposals set forth on behalf of small rural telephone companies by various commenters in the above-referenced proceeding. The adoption of these positions and proposals, as summarized in the attachment to this letter, will foster the objectives of the Congressional mandate to ensure the deployment of Personal Communications Services in rural America and the participation of rural telephone companies in the provision of these services.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Peter G. Nixon'.

Peter G. Nixon
Executive Vice President

PGN:vg
attachment

cc: The Honorable Arno Houghton, Jr.
The Honorable Alfonse D'Amato, Senator
The Honorable Daniel Patrick Moynihan, Senator

SUMMARY OF POSITIONS OF INDEPENDENT TELEPHONE COMPANIES

- Entities applying to utilize available spectrum as an "intermediate line" between other facilities, should only be subject to a competing application that proposes to utilize (not resell) the spectrum for a similar purpose.
- Only open oral (including real time electronic) bidding should be permitted in order to promote an open fair process.
- Smaller bands of spectrum should be auctioned first. Within each block, areas should be from least to most population.
- Combinatorial bidding should not be permitted. If permitted, sealed bidders should not be permitted to participate in the oral bidding for the individual licenses.
- Minimum bids may artificially limit participation of potential service providers.
- Full payment from all bidders except "designated entities" (i.e., rural telcos, small businesses, minorities, and women) should be a condition to receiving the license.
- Independents should qualify for a preference based on two factors: as a rural carrier and a small business. A rural telephone company should be defined as one serving fewer than 50,000 access lines or alternatively, as a rural telco that serves communities with populations under 10,000.
- Independents should be eligible for designated entity preferences for licenses in all areas, both inside and outside of their telephone service areas.
- With regard to PCS, rural telcos should be eligible to bid for the channel blocks set aside for designated entity groups. Rural telcos that lose the bid for the set aside blocks should be permitted to apply to partition to the license area prior to construction by the successful bidder.
- Designated groups should be entitled to certain preference in bidding for any channel block, including deferred payment of the bid price. Tax credits should be given to any entity that sells spectrum to a designated entity.
- Consortia eligible for preferences must be under the control of individuals and/or entities that are individually eligible for the preference.
- Transfers of licenses from one designated entity to another should not be restricted.